

Annual Report 2016

Activities of the Austrian National Contact Point

The Austrian National Contact Point

Sustainable thinking and acting is not the only hallmark of many Austrian enterprises; it is also an engine for innovation and growth of Austria's economic competitiveness in the global market.

Against the background of increasing international interrelations and complex value chains, the OECD Guidelines are an efficient instrument to understand and tackle risks in important areas of responsible business conduct along the whole value chain.

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises present a broad instrument for the promotion of responsible conduct of enterprises in their foreign business activities. They are an important contribution to an open investment climate in international business and in the best interest of many internationally operating enterprises. The OECD Guidelines provide recommendations in areas such as general policies, transparency, human rights, employment and industrial relations, environmental protection, fight against corruption, consumer interests, science and technology as well as competition and taxation. They offer enterprises, advocacy groups and civil society a common framework for responsible business conduct to be implemented across the world. Through their recommendations, the OECD Guidelines contribute to an improved global-level playing field, but can also protect companies from the unrealistic expectations of their stakeholders.

Each of the 35 OECD member states as well as Argentina, Egypt, Brazil, Costa Rica, Jordan, Columbia, Kazakhstan, Lithuania, Morocco, Peru, Romania, Tunisia and Ukraine have committed themselves under international law to the promote and implement the principles and standards of responsible business conduct as stipulated in the OECD Guidelines. As the only international government-supported instrument for responsible business conduct, the OECD Guidelines provide an integrated, conflict-resolution mechanism. National Contact Points provide member states an extrajudicial mediation and conciliation platform for complaints against breaches of the OECD Guidelines. National Contact Points are not judicial authorities and complaints – so-called 'specific instances' – are not considered formal legal cases. Accordingly, in a mediation process it is not about sanctions for alleged violations, but an analysis of the matter as well as the elaboration of a sustainable solution for the future which will satisfy both sides.

Review 2016

The Austrian National Contact Point is an independent organisational unit, established in the Department C2/4a – „Austrian National Contact Point for the OECD Guidelines for Multinational Enterprises“ – in the Federal Ministry of Science, Research and Economy. The activities carried out by the Austrian National Contact Point are supported by a Steering Committee composed by representatives of Ministries, Chambers, interest associations and civil society. The appointed representative of the Federal Ministry of Science, Research and Economy acts as chairman. In 2016 the Steering Committee met twice.

The Austrian National Contact Point gave answers to inquiries concerning different areas of the OECD Guidelines. With regards to a complaint, pending on December 31, 2016, which was accepted in 2014 by the Austrian National Contact Point, of several NGOs about activities of an internationally operating company in Laos, the parties declared to be ready to initiate joint mediation meetings under the good offices of the Austrian National Contact Point. In the report period several meetings took place with the respective parties.

An Overview of the OECD Guidelines

The OECD Guidelines cover key areas of ethics within enterprises and are thus among the most comprehensive international guidelines for responsible business conduct:

General Policies

Presentation of the objectives and basic recommendations for conduct of the OECD Guidelines.

Information Disclosure

Obligation of an enterprise to inform on its business activities and their impact.

Human Rights

Respect for human rights and due diligence on all company premises within the value chain.

Employment and Industrial Relations

Protection of core labour standards as defined by the International Labour Organisation (ILO).

Environment

Improvement of environmental sustainability by using environmental management systems and following a precautionary approach.

Combating Corruption

Prevention of bribery and unfair commercial practices through internal controls and transparency.

Consumer Interests

Adoption of fair business, marketing and advertising practices and quality assurance of goods.

Science and Technology

Enabling the transfer of knowledge to emerging and developing countries.

Competition

Observance of competition laws with due regard to regulations applicable in the host countries.

Taxation

Payment of tax liabilities that are due at home and abroad as well as cooperation with authorities

Thematic Focus

In 2016 the Austrian National Contact Point presented information regarding the OECD Guidelines and their implementation in various formats. Two expert talks provided an opportunity for company representatives and other interested persons to exchange their knowledge with Austrian and European experts on particular topics and concrete questions of implementation. A broader discussion forum in the fall illustrated the significance of the OECD Guidelines as well as the challenges and necessary framework conditions for their effective application from several perspectives. Brochures provide an overview over the OECD Guidelines, the complaint procedure as well as other activities of the Austrian National Contact Point.

Expert talk “Responsibility in global Supply Chains”

More than 40 purchase and CSR managers as well as interested parties from business, government and civil society gathered on April 6, 2016 during an expert talk in the Federal Ministry of Science, Research and Economy, which was jointly organised by the Austrian National Contact Point and the Federal Association for Material Management, Purchasing and Logistics in Austria. Beate Sternig from the Austrian National Contact Point discussed with Liz Napier from the National Contact Point of the United Kingdom (UK) and Silke Sorger, Head of Purchasing Infineon Technologies Austria AG about the responsibility of companies in global supply chains by means of concrete case studies and experiences.

In her introduction Beate Sternig pointed out that the OECD Guidelines create a common framework for responsible business conduct in global competition. Using three cases from the UK National Contact Point, Liz Napier explained how mediation proceedings are carried out in practice. The aim was to support the parties in elaborating an acceptable solution for all participants. Liz Napier described transparency and mutual trust as the most significant prerequisites for an agreement. In the event that the parties initiate mediation proceedings, this positive catalyst can bring about changes.

Silke Sorger described how Infineon integrates sustainability criteria into the supply chain. They are part of the purchase conditions and are based on internationally recognised guidelines such as the UN Global Compact and the fundamental principles of the International Labour Organisation (ILO). Suppliers are obliged to fill in a questionnaire, which forms the basis for further steps such as improvement processes or audits.

Vividly discussed was the question whether agreements are respected in reality. According to Silke Sorger's experience, inquiries about sustainability criteria are a clear signal to and motivation for suppliers to comply with the respective requirements. International guidelines such as the OECD Guidelines form a basis for a mutual understanding of responsible business conduct.

Expert talk "Due Diligence in international business"

On June 28, 2016 an expert talk on the topic "Due Diligence in the international business" followed. The participants discussed approaches and instruments of integration of CSR risk-management systems in enterprises. The panelists included Beate Sternig of the Austrian National Contact Point, Thamar Zijlstra of the Dutch Standardisation Institute NEN and Wolfgang Kraus, Senior Associate at the Oil and Gas Industry Association for Environmental and Social Issues (IPIECA).

Beate Sternig referred in her introduction to the increasing international interconnectedness of the Austrian economy and the subsequent increasing range of responsibilities of Austrian enterprises. A key principle of the OECD Guidelines for Multinational Enterprises is due diligence – the implementation of due diligence processes in order to identify, prevent and mitigate adverse impacts of business activities.

Thamar Zijlstra and Wolfgang Kraus referred in their keynotes to the practical implementation of due diligence processes within a company. Thamar Zijlstra presented by means of the Dutch Code of Practice NPR 9036 a process-oriented support. The Code of Practice was developed in 2015 upon request of the Economic and Social Council of the Netherlands (SER) by the Dutch Standardisation Institute NEN together with a work group composed of companies, interest groups and advisors – among them Human Rights@Work, the Employee Association FNV and the Company Network CSR Netherlands. The key of the Code of Practice presents a comparison of elements of the generic risk management framework (ISO HLS) with the steps of the due diligence process of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines. Furthermore, it provides instructions for the integration of due diligence in company processes.

Wolfgang Kraus pointed out the implementation of CSR risk-management systems for internationally operating companies by means of concrete examples from entrepreneurial practice. The starting point here is often an imminent or already existing loss. Companies which analyse and prioritise their responsibilities already in advance of new business transactions and take risk-preventing measures, do not only carry out active risk management and act responsibly, but also save costs and avoid losses of reputation, as pointed out by Mr. Kraus.

Afterwards, topic-related tools were discussed on which companies can rely on in the strategic implementation. The Guidance from the Danish Institute for Human Rights on the evaluation of human right risks and impacts as well as the OECD Guidances were mentioned as practice-relevant examples. Based on these approaches, it is furthermore significant to obtain on-site expertise and to integrate local contact groups, Wolfgang Kraus concluded.

Discussion forum "Reality Check: 40 years of OECD Guidelines for Multinational Enterprises"

On the occasion of the 40th anniversary of the OECD Guidelines for Multinational Enterprises, the Austrian NCP invited Austrian companies, other stakeholder and interested parties from civil society to a discussion forum on a reality check of the OECD Guidelines. The event was co-hosted by the Federation of Austrian Industries and was opened by Christian Friesl, Director of Education and Society at the Federation of Austrian Industries, and Bernadette Marianne Gierlinger, Vice-Minister for External Trade Policy and European Integration at the Federal Ministry of Science, Research and the Economy. Christian Friesl referred to the growing significance of the OECD Guidelines and their contribution to the creation of a global level playing field. Bernadette Marianne Gierlinger emphasised the importance of sustainability for the future of Austria as a place for business.

Under the moderation of Barbara Coudenhove-Kalergi, Federation of Austrian Industries, a discussion was conducted with Roel Nieuwenkamp (Chair of the OECD Working Party on Responsible Business Conduct), Denise Laufer (Member of BIAC - Business and Industry Advisory Committee to the OECD), Kirstine Drew (Member of TUAC - Trade Union Advisory Committee to the OECD), Manfred Schekulin (Head of the department for Export and Investment Policy in the Federal Ministry of Science, Research and the Economy and Chair of the OECD Investment Committee) and Hannes Roither (Head of Investor Relations Palfinger AG).

Roel Nieuwenkamp highlighted the role of the National Contact Points as the heart of the OECD Guidelines. By using real cases, Nieuwenkamp explained the strength of the NCPs in constructively solving conflicts between civil society and companies." It is not about good or bad companies", clarified Nieuwenkamp, "in the complexity of supply chains, errors are unavoidable." Denise Laufer explained the importance of a clear understanding of the possibilities and limits of companies to influence the behaviour of third parties. For Hannes Roither, practice-oriented guidances were missing in order to be able to cope with the mentioned complexity.

Kirstine Drew considered the fact that the National Contact Points do not work with the same efficiency everywhere a challenge for the future. To guarantee the integrity of the system in the future and to build upon already achieved successes, the problem-solving capacities of the Contact Points should be strengthened, said Manfred Schekulin. The efficiency of a National Contact Point is always a question of political will and confidence of all participants, concluded Roel Nieuwenkamp. The discussion event was rounded off with vivid conversations between the guests and the international speakers in an informal atmosphere.

Brochures and Information material

- **Leaflet OECD Guidelines for Multinational Enterprises**

The leaflet serves as basis information about the OECD Guidelines, the Austrian National Contact Point and the complaint procedure. The 10 thematic areas of the OECD Guidelines are illustrated in a concise and well-structured manner.

- **Guidance on the Complaint Procedure**

The Guidance provides an overview on the complaint procedure before the Austrian NCP. It describes according to which criteria the Austrian NCP evaluates a complaint and includes recommendations on how enterprises shall deal with a complaint.

- **Annual Report 2015**

The 2015 annual report provides an overview of activities organised by the Austrian National Contact Point in 2015.

All print forms can be ordered free of charge per email at ncp-austria@bmwfw.gv.at or can be downloaded from www.oecd-leitsaetze.at.

Exchange of Knowledge and Networking

Beyond their efforts to raise the awareness and effectiveness of the Guidelines, the National Contact Points participate in peer learning activities, such as voluntary peer reviews of the National Contact Points, opinion exchange meetings within the framework of the OECD as well as direct cooperation with individual Contact Points.

Exchange Meetings of the National Contact Point

Upon invitation of the Italian National Contact Point, an exchange meeting of National Contact Points took place in Rome on 12 and 13 September 2016 with participants from 14 National Contact Points. Day 1 took inventory of the 15 year activity of National Contact Points, led by Barbara Bijelic, OECD Unit for Responsible Business Conduct. An experience exchange on initial assessments within the context of complaint procedures was also conducted. On day 2 it was discussed how National Contact Points can document the practical implementation of the recommendations defined in a mediation proceeding and agreements in exchange with the parties.

Company Survey

In Fall 2016 Austrian companies were asked about their awareness and implementation of the OECD Guidelines. The survey showed a broad awareness of the OECD Guidelines and a specific interest in topics, such as implementation of social and environmental standards, due diligence along the whole value chain as well as implementation of fair business practices in international business.

Service and Contact

For further information on the OECD Guidelines for Multinational Enterprises, the National Contact Points and the complaint procedure please contact the Austrian National Contact Point in the Federal Ministry of Science, Research and Economy:

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The contact details of other National Contact Points can be found on the official website of the OECD on the OECD Guidelines under: mneguidelines.oecd.org.

Further Information

You will find further information regarding the OECD Guidelines for Multinational Enterprises under the following links:

The Business and Industry Advisory Committee to the OECD (BIAC)

<http://www.biac.org>

OECD Watch

<http://www.oecdwatch.org>

Trade Union Advisory Committee to the OECD (TUAC)

<http://www.tuac.org>